

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: Deborah Platt Majoras, Chairman
 Pamela Jones Harbour
 Jon Leibowitz
 William E. Kovacic
 J. Thomas Rosch

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)	
In the Matter of)	
)	
General Dynamics Corporation,)	
)	Docket No. C-4181
a corporation.)	
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)	
_____)	

PETITION OF GENERAL DYNAMICS CORPORATION
FOR APPROVAL OF PROPOSED DIVESTITURE

Pursuant to Section 2.41(f) of the Federal Trade Commission (“Commission”) Rules of Practice and Procedure, 16 C.F.R. § 2.41(f) (2006), and Paragraph II.A. of the Decision and Order contained in the Agreement Containing Consent Orders accepted for public comment in the above-captioned matter (“Decision and Order”), General Dynamics Corporation (“General Dynamics”) hereby petitions the Commission to approve the divestiture of its entire interest in American Ordnance LLC (“AO”)¹ to Day & Zimmerman, Inc. or one or more, direct or indirect, wholly-owned subsidiaries of Day & Zimmerman, Inc. (“DZI”).

¹ For capitalized terms not defined herein, please see the definitions in the Decision and Order.

I. INTRODUCTION

On February 23, 2006, General Dynamics, through General Dynamics Ordnance and Tactical Systems and General Dynamics Land Systems Canada Inc., wholly-owned subsidiaries of General Dynamics, entered into a Share Purchase Agreement with SNC-Lavalin Group Inc. and The SNC-Lavalin Corporation under which General Dynamics would acquire SNC. The Commission concluded that the proposed acquisition would reduce competition among companies that have the capability to provide high explosive melt-pour load, assemble and pack services for artillery and mortar munitions for the United States Military because General Dynamics OTS also holds an interest in AO, which competes with SNC.

AO is a Delaware limited liability company that was formed on July 21, 1998 as a joint venture between General Dynamics Ordnance Systems, Inc. and Mason & Hanger Corporation (“MHC”), a predecessor of DZI,² for the purpose of operating the Milan Army Ammunition Plant (“Milan AAP”) and the Iowa Army Ammunition Plant (“Iowa AAP”) as an operating contractor for the US Army. Under the AO Formation Agreement dated July 21, 1998 (“Formation Agreement”), each of General Dynamics and MHC holds a fifty (50) percent Membership Interest, as that term is defined in the AO Operating Agreement dated July 21, 1998 (“Operating Agreement”), in AO.

On December 8, 2006, General Dynamics and the Commission executed an Agreement Containing Consent Orders that included the Decision and Order and an Order to Hold Separate and Maintain Assets (collectively, the “Consent Agreement”) to settle the Commission’s charges related to General Dynamics’ proposed acquisition of SNC. Paragraph II of the Order requires

² On June 1, 1999, DZI acquired all of the stock of The Mason Company, which in turn owns all of the stock of MHC. On December 31, 2001, General Dynamics Ordnance Systems, Inc. assigned all of its rights and obligations under the Formation Agreement to General Dynamics Ordnance and Tactical Systems, Inc.

